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ORIGINAL

October 15, 2015

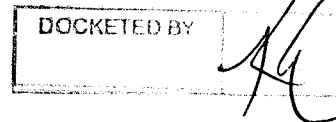
Docket Control
Arizona Corporation Commission
1200 W. Washington Street
Phoenix, AZ 85007

Arizona Corporation Commission

DOCKETED

OCT 15 2015

RE: Arizona Public Service Company
Power Supply Adjustor Mechanism
Docket No. E-01345A-11-0224



To All Parties:

In Decision No. 73183, the Commission approved a change to APS's Power Supply Adjustment Mechanism (PSA) that established a mid-year adjustment to an existing ¢/kWh rate (the PSA Transition Component) in the event conditions change sufficiently to cause high balances to accrue under application of the PSA. Specifically, the PSA Plan of Administration (POA) allows APS to reduce the PSA ¢/kWh rate effective as of the first billing cycle of the month, following a notice filed within the first 15 days of a month, as long as Commission Staff does not file written opposition to such a reduction.

Pursuant to the PSA POA, APS hereby plans to reduce the overall PSA rate by initiating a PSA Transition Component of \$(0.004936)/kWh beginning with the first billing cycle of November 2015 and continuing through the final billing cycle of January 2016. This transition component will return approximately \$28.7 million to customers over this three-month period, representing a reduction in net system cost due to lower than forecasted natural gas prices and lower sales than projected in 2015.

The overall PSA rate will be reduced from the currently effective \$0.000887/kWh to \$(0.004049)/kWh as a result. The average residential customer bill will be reduced by \$4.32 per month over the three-month period, or approximately 3%.

Attached please find calculations showing the derivation of the requested PSA Transition Component as well as a revised Adjustment Schedule PSA-1 in both redline and clean format.

Sincerely,

Kerri A. Carnes
KC/bgs

cc: Parties of Record

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Schedule 6
PSA Transition Component Rate Calculation

Nov 2015

(\$ in thousands; Transition Component Rate(s) in \$/kWh)

Line No.		Current February 1, 2015	Proposed November 1, 2016 ¹	Increase/(Decrease) \$ Values	%
1	PSA Transition - Approved (Refundable)/Collection Amount ¹	N/A	(28,750)	N/A	N/A
2	Projected Energy Sales without E-36XL, AG-1 (MWh) Nov 1, 2015 to Jan 31, 2015	N/A	5,824,711	N/A	N/A
3	PSA Transition Component (Refundable)/Collection Rate (L1 / L2)	N/A	(0.004936)	N/A	N/A

Notes:

¹ Commission Decision No. XXXXXXXXXX

Schedule presentation will appear to round up to \$000s and MWh; however, calculations are performed on an actual \$ and kWh basis with resultant Rates/kWh rounded up to \$0.000000/kWh.



ADJUSTMENT SCHEDULE PSA-1 POWER SUPPLY ADJUSTMENT

APPLICATION

The Power Supply Adjustment ("PSA") shall apply to all retail electric rate schedules in accordance with their terms with the exception of E-36 XL, AG-1 (except as provided in Rate Schedule AG-1), and Direct Access service. All provisions of the customer's current applicable rate schedule will apply in addition to this charge.

RATES

The charges shall be calculated at the following rates:

PSA Historical Component

All kWh	\$(0.000244)	per kWh
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PSA Forward Component

All kWh	\$0.001131	per kWh
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PSA Transition Component

All kWh	\$(0.004936)	per kWh
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